

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

In the Matter of:

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|----------------------------------|---|---------------|
| THE COMPLAINT OF MR. COBERN OTT |) | |
| AND OTHERS AGAINST THE BLUEGRASS |) | CASE NO. 6871 |
| DISPOSAL COMPANY |) | |
| |) | |
| AN ADJUSTMENT OF RATES OF |) | |
| BLUEGRASS DISPOSAL CORPORATION |) | CASE NO. 6991 |

ORDER DENYING REQUEST FOR
CHANGE IN REFUND PROCEDURE

On October 19, 1978, this Commission ordered Bluegrass Disposal Corporation ("Bluegrass") to lower its monthly charges from \$7.00 per customer per month to \$6.10, such refund to be accomplished by a credit on Bluegrass' future bills to its customers.

On June 27, 1979, Bluegrass filed a motion with the Commission requesting approval of a different method of refunding to its commercial customers.

A hearing was held on this matter in the Commission's offices in Frankfort, Kentucky, on September 18, 1979. The Attorney General's Consumer Protection Division participated in the hearing as the only intervenor. From this hearing, the following evidence was received.

As an alternative method of refunding to its commercial customers, Bluegrass proposes that it be allowed to bill these customers 75 percent of their normal monthly bill and give them a partial credit of 25 percent of their monthly bill as opposed to giving them a full credit each month until the refund is completed. (T.E., 5). Under this procedure, Bluegrass estimated that the approximately \$8,000 then-owed to its commercial customers would be refunded over a period ranging from 10 to 20 years. Under a straight monthly credit refund procedure, this same amount would be paid back in four years. (T.E., 28).

Based upon the evidence of record in this matter and being advised, the Commission FINDS as follows:

1. Bluegrass' proposed plan for refunding to its commercial customers is designed to offset what is basically a cash flow problem in the utility's current operations and the company itself concedes this. (T.E., 7). The appropriate remedy for such a cash flow problem is to file for an adjustment of rates whereby this Commission can determine if the utility is indeed experiencing a cash flow problem and determine the appropriate rate adjustment for remedying such problem. Bluegrass has already filed such a case, and this Commission is currently considering the requested adjustment in Bluegrass' rates in docket number 7502.

2. Approval of Bluegrass' refund plan would require some commercial customers to wait as long as 20 years for their complete refund, and the Commission is of the opinion and so finds that such a refund period is unreasonable.

Based upon the above findings, the Commission hereby ORDERS that the motion of Bluegrass Disposal Corporation to alter the terms of its refund obligation to its commercial customers, be and it hereby is, DENIED.

Done at Frankfort, Kentucky, this 24th day of January, 1980.

UTILITY REGULATORY COMMISSION

Richard S. Taylor
Chairman

Thomas W. Egan
Vice Chairman

Mary Kay Baker
Commissioner

ATTEST:

Secretary